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BUSINESS

Cabinet halts hike in fuel margins

PM links commissions and margins to full digitisation of petroleum supply chain

By Khaleeq Kiani

ISLAMABAD: The federal cabinet on Wednesday reportedly blocked an increase in dealers' commission and oil marketing companies' profit margin approved by its Economic Coordination Committee (ECC) early last month.

Informed sources told *Dawn* that the federal cabinet, led by Prime Minister Shehbaz Sharif, has linked the ECC-sanctioned Rs2.56 per litre additional bounty to the oil industry's retail business for complete supply chain digitisation.

On Dec 9, Finance Minister Muhammad Aurangzeb presiding over the ECC meeting approved an additional build-up of Rs2.56 per litre on petrol and diesel prices in two phases to improve the profitability of oil marketing companies (OMCs) and their dealers.

The ECC announced that it had approved a proposal to revise the margins of OMCs and petroleum dealers on petroleum and high-speed diesel, adjusting them in line with the national Consumer Price Index for 2023-24 and 2024-25, with increases capped between 5pc and 10pc. "It also decided that half of the increase in the margins will be paid immediately, while the remaining half will be conditional on digitisation progress, with the Petroleum Division to report back by June 1, 2026", it said.

Under the decision, ECC had allowed Rs1.22 per litre increase in profit margins for OMCs and Rs1.34 per litre for petroleum dealers, in two equal installments. The first increase of 61 paise per litre in sale margins for OMCs and 67 paise per litre for dealers was to come into force with the following fortnightly price revision on Dec 15 or 31. This was to immediately take the OMCs' margin to Rs8.48 per litre, while that of dealers was to rise to Rs9.31 per litre.

The second equivalent increase was

scheduled to come into force on June 1, 2026 subject to digitalisation of their sales and stocks network and its live connectivity to the government entities like the Oil and Gas Regulatory Authority, the Federal Board of Revenue and Petroleum Division. With that increase, the OMCs would have charged Rs9.10 per litre while dealers were to get about Rs9.98 on sale of every litre. At present, OMCs are paid Rs7.87 per litre and dealers Rs8.64.

However, the government did not change revised rates for dealers and OMCs in two subsequent quarterly pricing revisions on Dec 15 and 31, although product prices were reduced significantly. When contacted, an official said the prime minister who had been personally pushing Digital Pakistan Initiative besides digitalisation of the entire petroleum sector from production to consumption stage and facilitated passage of an enabling law, opposed the two-phased hike in retail margins and linked implementation of ECC decision to 100pc digitisation, potentially with effect from June 1, 2026.

This followed a law passed in August last year by the parliament for digital tracking and monitoring of all petroleum products from import and production stage to storage, transportation and sales at retail outlets to minimise the menace of smuggling and adulteration, causing an estimated Rs300-500bn annual revenue loss besides associated environmental and engine degradation.

The Petroleum (Amendment) Act 2025 envisaged new clauses for information technology-based tracking of petroleum products to curb the smuggling and to initiate strict actions against illegal transportation and decantation of petroleum products, along with actions to be taken against illegal petrol pumps.

All the local refineries and major oil marketing companies have been demanding individually and from their collective forums from the government to take stringent measures at borders and at domestic locations of production and sales to control smuggling of petroleum products, including LPG, as it negatively affected their businesses and caused revenue loss to the government.

Govt raises Rs1.08tr through T-bills, bond auctions

By Shahid Iqbal

KARACHI: The government borrowed more than Rs1 trillion through auctions of treasury bonds and 10-year Pakistan Investment Bonds on Wednesday.

The State Bank of Pakistan reported that the government borrowed Rs979.3 billion through T-bills and Rs108bn through PIBs, raising a total of Rs1.08tr.

The cut-off yields on T-bills were slashed by up to 34 basis points. The market experts believe the State Bank may opt for another 50bps cut in its policy rate at the next monetary policy review, and the trimming of returns on T-bills reflects this possibility.

The liquidity of the banking market was evident from the huge bids of Rs2.5tr to buy T-bills. However, the government picked Rs979bn against the auction of Rs850bn.

The investors offered the highest bids for 12-month papers, reaching Rs1.374tr, and the government raised Rs720bn, also the highest amount for the tenor. The government raised Rs46.6bn for three-month tenor; Rs41.5bn for one-month and Rs14.75bn for six-month.

The cut-off yields were reduced by 29bps, 34bps, 32bps and 33bps for one-month, three-month, six-month and

12-month papers, respectively.

The government is raising debts, but the first five months of FY26 were significantly lower than the same period of the last fiscal year. However, the central government's domestic debt increased remarkably during the last 12 months.

Domestic debt increased by Rs6.035tr to Rs54.619tr in November 2025, compared with Rs48.584tr in November 2024.

However, the government's domestic debt increased by just Rs144bn in July-November FY26, which means the entire amount was raised in the second half of the previous fiscal year, FY25. This lesser amount raised in 5MPFY26 was mainly due to Rs2.7tr liquidity supplied by the State Bank as profits. It may help the government to keep the fiscal deficit within the target in FY26.

It was also noted that the government's domestic debt mainly increased due to long-term PIBs. The total increase in the borrowing through the PIBs during November 2024 to Nov 2025 was Rs5.4tr out of total increase of Rs6.035tr.

The government has been piling up long-term debt to avoid quick repayments. The amount is being raised through T-bills is kept below the maturity amount. The target for the T-bills auction on Wednesday was Rs850bn, and the maturity amount was Rs875bn.

Nepra cuts power tariff by 62 paise

By Our Staff Reporter

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has reduced the national average uniform electricity tariff by 62 paise per unit for the next six months, effective January 1.

According to a notification issued late on Wednesday night, the regulator has determined separate consumer-end tariffs for each distribution company (ex-Wapda Discos) in view of their differing revenue requirements and permitted levels of transmission and distribution (T&D) losses.

For CY26, the national average tariff has been set at Rs33.38 per kWh, down from Rs34.00 per kWh in 2025-26.

The Gujranwala, Quetta, Multan, Sukkur, Hyderabad, Peshawar, Tribal Areas and Hazara electric power companies had filed multi-year tariff petitions for the period 2025-26 to 2029-30, which have now been determined by the regulator.

In line with policy guidelines issued by the Ministry of Energy (Power Division) and following the federal cabinet's approval of the annual rebasing of consumer-end tariffs with effect from Jan 1, Nepra rebased the tariffs and issued its determination for the calendar year January-December 2026.

The determined tariffs have been communicated to the federal government for submission of the uniform tariff application.

The total revenue requirement of ex-Wapda Discos has been projected at Rs3.379 trillion, comprising Rs2.923tr for power purchase costs and Rs456.15 billion for distribution companies' margins and prior-year adjustments, based on projected sales of 101,234 gigawatt-hours during CY26.

Buying frenzy fuels record-setting spree at PSX

Index settles above 186,000 after surpassing 187,000-barrier

By Muhammad Kashif

KARACHI: Shrugging off early volatility, the market extended its rally on Wednesday as investors continued to increase exposure across the board, propelling the benchmark KSE-100 index to an intraday high above 187,000 points and extending the record-breaking run to a fourth consecutive session.

Topline Securities Ltd said the bourse remained firmly positive, sustaining strong momentum to close at an all-time high of 186,518.72 points. The benchmark index recorded a highly buoyant session, gaining as much as 1,953 points intraday, while profit-taking remained modest, with the intraday low limited to 165 points, underscoring underlying market strength.

Virtual mobile service operators to get permits

PTA notifies MVNO policy framework; licence fee set at \$140,000

By Kalbe Ali

ISLAMABAD: The Pakistan Telecommunications Authority (PTA) on Wednesday notified the Mobile Virtual Network Operators (MVNO) Policy Framework, allowing virtual operators to offer nationwide mobile services without owning spectrum.

Under the policy framework, approved by the federal cabinet, MVNOs will be able to provide mobile communication and next-generation services across the country by using the infrastructure of existing telecom operators, referred to as licensed mobile network operators (MNOs).

The initial fee for a nationwide MVNO licence has been set at \$140,000, or its equivalent in Pakistani rupees, to be paid upfront.

The dollar rate will be calculated at the inter-bank selling rate prevailing on the day preceding the date of payment.

According to the framework, an MVNO is defined as an operator that does not hold any frequency spectrum assignment but provides mobile services to its own customers through commercial agreements with licensed MNOs, after obtaining a licence from the PTA.

The policy enables MVNOs to offer nationwide mobile communication services, including next-generation services, subject to licensing conditions set by the regulator. MVNOs will be allowed to enter into commercial agreements with one or more MNOs, while MNOs may similarly partner with multiple MVNOs.

The framework allows MVNOs to operate under their own brand names, adopt independent marketing strategies and offer customised services in addition to those provided by the host MNO. MVNOs may install their own customer care, billing and service platforms, while using numbering resources and spectrum assigned to the parent MNO.

However, the policy clearly states that MVNOs will not be eligible for any direct spectrum assignment, with spectrum ownership remaining exclusively with licensed MNOs.

The move is expected to increase competition, encourage service innovation and improve consumer choice in Pakistan's telecom market, while enabling existing operators to monetise excess network capacity through wholesale arrangements.

Under the framework, MVNOs will be required to comply with safeguards implemented by the PTA, including the DIRBS (Device Identification, Registration and Blocking System) and rules related to lost or stolen devices. MVNOs will be allowed to use only the parent MNO's roaming and interconnect agreements with other operators.

MVNOs will also be required to pay Universal Service Fund (USF) and research and development contributions, and to comply with PTA's quality of service standards and security guidelines, similar to licensed telecom operators.



PAKISTAN'S merchandise exports shrank 8.7pc year-on-year to \$15.184bn in July-December 2025-26.—Dawn/file

‘Ferry service licences being issued in a week’

By Our Staff Reporter

KARACHI: Maritime Affairs Minister Junaid Anwar Chaudhry has said that for the first time, licences are being issued within seven days for the long-pending ferry services.

Addressing the members of the Korangi Association of Trade and Industry (KATI) on Wednesday, he said Iran and Yemen have shown interest in launching ferry services from Pakistan.

According to a KATI press release, the minister said that strengthening the blue economy is a top priority of the ministry, and effective steps are being taken to revive the fisheries sector.

The minister said that KATI members could jointly form consortia to establish modern fish processing plants, adding that Pakistan currently has confirmed export orders of 25,000 tonnes of tuna fish for this year.

He called upon local industrialists and investors to actively partner with the Karachi Port Trust (KPT) in launching development-oriented projects, particularly in the fisheries and blue economy sectors.

The minister disclosed that 180 acres of KPT land have been successfully cleared of encroachments, creating significant opportunities for new development projects, industrial units, and processing plants. He said the reclaimed land can now be utilised for value-added initiatives that support exports, employment generation, and economic growth.

Indiscriminate action was taken against encroachments on KPT land, and the focus has now shifted toward development and investment-led

growth, Junaid Anwar said.

The federal minister emphasised that while the ministry can initiate projects on a self-help basis, the government wants the business community to take the lead in capitalising on these opportunities.

"If the government earns ten rupees from a project, the business community can earn eighty rupees from the same initiative," he remarked, underscoring the importance of private sector participation.

He assured KATI members that the doors of the Ministry of Maritime Affairs remain open to the business community and that any viable proposals would receive full cooperation.

He further stated that if KATI or its members present better or alternative project proposals, the ministry would extend complete support. Highlighting the importance of the blue economy, Junaid Anwar Chaudhry said he would personally pursue initiatives proposed by the business community, rather than delegating them solely to the maritime secretary or the KPT chairman.

Earlier, KATI President Muhammad Ikram Rajput pointed out that Pakistani seafood faces restrictions in certain international markets due to compliance issues. He said that if the government and stakeholders work together to remove these barriers, the fisheries sector alone could generate over one billion dollars in trade.

He further noted that Pakistan's maritime zones contain oil and gas reserves that could help meet the country's energy needs. He urged the government to develop exploration projects to discover and utilise these resources for economic benefit.

PM Shehbaz directs speedy refunds to boost exports

Calls for devising a strategy with stakeholders' input

By Mubarak Zeb Khan

ISLAMABAD: Amid falling merchandise exports for the fifth consecutive month, Prime Minister Shehbaz Sharif said on Wednesday that no negligence would be tolerated in the timely payment of tax refunds to exporters.

Reviewing the commodities exports, especially a decline in rice shipments, the premier directed to expedite institutional reforms, augmenting exports, and provision of facilities to exporters.

Two years after the government introduced legislation mandating sales tax refunds to exporters within 72 hours, the law remains unimplemented. In practice, the Federal Board of Revenue (FBR) continues to disburse refunds on a monthly basis, contrary to the stipulated time frame.

Exporters estimate that outstanding sales tax refunds have reached approximately Rs50 billion, while the FBR typically releases around Rs35bn per month. In addition to the sales tax backlog, exporters have also raised concerns over mounting income tax refund claims for the current fiscal year, further straining their cash flows.

The meeting was convened at a time when Pakistan's merchandise exports dipped 20.41 per cent to \$2.317bn in December 2025 from \$2.911bn over the corresponding period last year, making it the fifth consecutive month of decline in the current fiscal year. In the first half (July-December), the export proceeds recorded a negative growth of 8.70pc to \$15.184bn from \$16.631bn in the corresponding period last year.

An official announcement of the Prime Minister's Secretariat said Mr Shehbaz emphasised the need to expedite institutional reforms aimed at boosting exports and providing maximum facilitation to exporters.

The premier directed to prepare a plan of action pertaining to enhancing exports, especially agricultural exports, and reducing the trade deficit. He said achieving export-led development goals was the government's priority.

However, he directed that a strategy should be devised in collaboration with the Rice Exporters Association to boost paddy exports, which had been declining for the past few months.

It is worth noting that rice remains one of Pakistan's major export commodities to Afghanistan. However, all trade had been suspended with Kabul since Oct 11, 2025.

	US DOLLAR	EURO
	BUYING Rs280.43 SELLING Rs281.10	BUYING Rs327.46 SELLING Rs330.63
	GBP	UAE DIRHAM
	BUYING Rs378.22 SELLING Rs381.69	BUYING Rs76.47 SELLING Rs77.25
	KSA RIYAL	GOLD
	BUYING Rs74.80 SELLING Rs75.41	TOLA Rs466.762 10 GMS Rs400.173

PAKISTAN STOCK EXCHANGE

T H E T O P F I V E R S

G A I N E R S

Sazgar Engg115.25

Rafhan Maize69.63

Service Industries68.54

Haleon Pakistan49.90

Abbott Lab45.20

(Share values in rupees)

L O S E R S

PIA Holding CoB316.30

Pakistan Services52.58

Hafiz Limited20.98

Khairpur Sugar13.97

Unilever Foods13.94

L E A D E R S*

K-Electric77.88

Hascol Petroleum58.64

The Bank of Punjab54.52

Telecard Limited46.93

Media Times Ltd44.82

* Volume in millions of traded shares

ACTIVITY

Total listed532

Active486

Gainers299

Losers161

PARTICIPANTS

Foreign▲\$0.10m

Companies▲\$3.13m

Banks▼\$24.12m

Mutual Funds▲\$22.05m

Individuals▼\$0.43m

I N D I C A T O R S

Wednesday

Previous

Change

KSE 100-SHARE INDEX (Points)

186,518.72

185,062.11

▲1,456.61

KSE 30-SHARE INDEX (Points)

57,477.09

57,080.05

▲397.04

MARKET CAPITAL (Rs billion)

20,905.554

20,740.516

▲165.038

TRADING VALUE (Rs billion)

86.586

85.321

▲1.264

"Optimism has carried decisively into 2026, with the Pakistan Stock Exchange gaining a robust 12,464 points, or 7.2 per cent, in the first five trading sessions of the year," noted the brokerage house.

This strong start reflects sustained investor confidence, driven largely by aggressive buying from local funds. The continued shift in asset allocation from fixed-income instruments to equities, amid declining returns on traditional avenues, has fuelled liquidity and supported elevated valuations.

Heavyweight stocks once again led the advance. Hub Power, Pakistan Petroleum, Engro Holdings, MCB Bank and Meezan Bank emerged as key contributors, collectively adding around 766 points to the index.

Market activity remained robust, with total trading volume rising 1.7 per cent to 1.32 billion

shares, while traded value increased 1.48 per cent to Rs86.5 billion. K-Electric topped the volume chart, with 77.8 million shares changing hands.

Ali Najib, Deputy Head of Trading at Arif Habib Ltd, said a powerful and sustained bullish trend continued at the PSX.

On the policy front, the federal government announced that gas tariffs for FY26 will remain unchanged for consumers of both SNGPL and SSGC, effective January 1. Additionally, the flow of circular debt in the gas sector has been contained, with no fresh accumulation, marking a significant milestone in sector reforms.

Market capitalisation in rupee terms expanded to a record high of Rs21 trillion (\$74.6bn).

Pakistan has also concluded negotiations with Qatar to divert surplus LNG cargoes to the international market while honouring long-term contracts, easing pressure from excess supply.

Meanwhile, Biman Bangladesh Airlines is set to launch direct flights between Dhaka and Karachi on Jan 29, restoring air connectivity to support trade and travel.

The market remains firmly in positive territory, with 185,000 points serving as immediate support in the event of any corrective move.